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## THE VARIED ROUTES TO BUSINESS SUCCESS



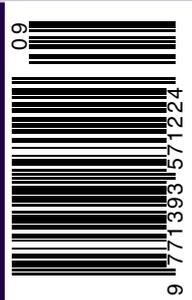
## GLANDORE'S FAMILY WAY

Michael Kelly has three daughters by his side



**ALAN COX**  
THE ADLAND  
VIEW ON THE  
ECONOMY

**TAX ADVISERS**  
WHAT'S TOP  
OF MIND  
WITH CLIENTS





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Tax Consulting Partner  
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**TAX ISSUES** A trend that we have seen develop over the past 18 months has been an increasing focus on business strategy and succession. Owner-managed businesses have had to deal with new ways of working, resulting from the unprecedented challenges of the pandemic, Brexit and changes to EU VAT reporting.

The challenges encountered in the last 18 months have helped to create an environment for entrepreneurs to stand back and take stock of how their business operates, their supply lines, and the needs of their customers, staff and stakeholders. Consequently, we've found many clients have focused on how their business is structured, what asset protection measures are in place, how their employees are rewarded and, very importantly, their succession plans.

The tax implications are key in the decision-making process, and increasingly we have been engaged in these discussions with clients over the past year, as we help them formulate a roadmap for the medium to long term.

**R&D TAX CREDIT** This credit is very important in promoting and developing our knowledge economy. More often than not, IP businesses rely upon the R&D credit as part of their funding. For loss-making companies, the repayable credit is capped by their payroll liabilities, so these businesses are supporting the economy by creating employment.

The problem is that the credit is paid over a period of three years. The cashflow impact of having to wait three years is significant and can restrict the ability of these companies to

## *'Entrepreneurs are standing back and taking stock'*



invest in R&D. I would like to see a reform of the repayment method for companies in their formative years, where a claim for the full credit can be made following a claim, rather than being spread over three periods. The burden of the records that need to be kept, in order to make a successful claim, should also be reviewed for smaller claims.

**FAMILY BUSINESS** The one area of tax that I think needs to be changed is that of Stamp Duty. There is no relief on the transfer of business assets between family members for Stamp Duty. For company shares, the rate is normally 1%, which does not create a barrier for succession. However, for shares that derive their value from land and

buildings or unincorporated businesses, the stamp duty rate is 7.5%. This has increased from 2% in 2017. I would like to see a reduction of the rate to 1% for the transfer of business assets to children, subject to clawback provisions, which mirror those of the CAT business property relief.

**ENTREPRENEUR RELIEF** From discussions with colleagues and clients, the general feeling is that the 33% CGT rate applying on gains above €1m is too severe and penalises those individuals who have taken risks to grow a successful business. I think the cap of €1m is fair, but would like to see a reduced rate of 20% for gains on qualifying business assets above €1m.



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